



# Hermeneutics As A Tool Of Analysis In The Construction Of The National System Of Fiscal Coordination In Mexico

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## ABSTRACT

This paper aims to pinpoint the contributions that hermeneutics can offer in studying the transformation of the National System of Fiscal Coordination. The appropriateness of combining the hermeneutic method with a neo-institutional approach is evaluated. A practical analysis is conducted to verify whether the constitutional reforms of 1942 truly represent progress towards the eventual consolidation of the fiscal coordination system by 1978.

**Keywords:** Hermeneutics, transformation, National System of Fiscal Coordination

## Introduction

The purpose of this essay is to explain the contribution that hermeneutics can have in the analysis of the changes experienced by the National System of Fiscal Coordination in Mexico. First, we can consider that hermeneutics provides an interpretative-comprehensive capacity of socio-historical meanings for certain moments, epochs and ways of conceiving social reality.

Secondly, it is questioned whether hermeneutics and phenomenological design are compatible with the neo-institutional approach of the organizations that has been chosen for the doctoral case study.

The third part puts into practice the hermeneutical analysis in the case of the 1942 Reforms to Articles 73 and 117 of the Political Constitution of Mexico. The objective in this case is to experiment and estimate whether these changes are really the constitutional framework on which fiscal coordination in Mexico is based, following the assertion of Mora (2008: XXV), a premise that is detailed below. This socio-historical moment is considered transcendental due to the implications it has in the configuration of the offer on the shares that the Federation will promote from now on.

## 1- Hermeneutics

According to Gadamer, it is Kant who accepts the value of intentionality and subjectivity in facts, while Husserl provides the need to generate reflexivity in the description of these intentions (1995 [1975 and 1983], pp. 13 and 29). *Hermeneia* is the expression of a thought in Greek. Hermeneutics was born in the heart of the discussions of the late nineteenth century as a clear anti-positivist response of those who built the foundations of social knowledge and put on the radar the most important distinction with respect to the natural sciences; that is, the understanding of human behavior. In particular, hermeneutics reappears as an alternative to give meaning to linguistic expressions that operate as non-univocal symbols (Ricoeur, 1999).

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The objective of scientific activity should be to abstract regularities from a reality reduced to the interrelation of variables (Hempel, 1965) that form explanations according to general laws, unmodifiable antecedent conditions and that, in addition, must answer the question: what laws and conditions allow the phenomenon to occur? And although positivism continues to be the starting point of scientific knowledge, there are diverse voices that launch strong criticisms about its possible relevance in the framework of the social sciences. One of them is that of Gadamer, who says that the underlying discussion lies not in the diversity of methods, but in the objectives of knowledge that are pursued (1995).

One of the great promoters of hermeneutics was Dilthey. Faced with the possibility of having different objectives and types of knowledge, there is also a need to order the different types of existing sciences, since it is clear that not all of them pursue the same purpose. Among the *spiritual*<sup>3</sup> and natural sciences of which Dilthey spoke in 1883, it is possible to identify two great forms of knowledge: the nomothetic and the idiographic.<sup>4</sup> Thus, the distinction between explaining and understanding does not lie only in the objective of knowledge of the sciences according to Dilthey, in the background they represent different forms of psychological intentionality.

Thus, the main purpose for the sciences *of the spirit*—later defined as social sciences—is to capture the inner essence of the experiences of the subjective world (Dilthey, 1949 [1883]); and with better methods of approach to develop true sciences that move away from the mechanical forms by which the natural sciences have been able to explain the reality that corresponds to them. Thus, the first "antipositivist" efforts placed at the center of the debate the very nature of the social world (Von Wright, 1987) as a subjective construction loaded with meanings that had to be understood.

For the understanding of this essay, hermeneutics is the theoretical art for the interpretation of texts, writings, speeches, with the aim of understanding, from bases that *try to be objective, what was meant, and why what finally came into our hands was written in this way*. Now, not all interpretation is valid to be called hermeneutics. For Schleiermacher, the way in which a text can be reconstructed is through the creation of a *hermeneutical circle* (2002). In this scheme, it is contemplated that the reader must have prior knowledge in order to understand the writer from a *pre-understanding* (or prior knowledge); thus, the interpretation should not be external to what is being analyzed.

## 2- Feasibility of hermeneutics as a method of case analysis

For the British methodologists Easterby-Smith, Thorpe, and Jackson (2012, p. 25), it can now be clearly recognized that there is progress in admitting that ontology expands, from the *realism* that characterizes *positivist* epistemology, to an ontology that can be *relativistic* and even *nominalist*, which fall respectively on the epistemology of *constructionism* and constructionism. *strong social constructionism*. Hermeneutics is considered by these authors as a methodological philosophy, appropriate for the understanding and interpretation of texts. It is there where it intersects with the *phenomenology* that is used in the research designs of social constructionism, because it is a research process based on the experiences lived by the subjects, which gives a normative and evaluative character, in order to interpret a particular context.

In fact, the aforementioned authors point out that it is Ricoeur and Gadamer who suggest paying special attention to the context where the texts originate. Thus, hermeneutical analysis does not imply the simple description of the cases, but the adjacent historical and contextual references that are presented around the creation of the text itself. Thus, the analysis should present observations based on the context, rather than simple enumerations and mentions of the facts (Easterby-Smith, et al, 2012, p. 31).

If the interpretive-comprehensive act is the fundamental task of hermeneutics, then it must also be considered as a methodological direction (Gadamer, 1999) of access to socio-historical knowledge through texts created in contexts that make the process of understanding difficult.

In summary, hermeneutics can be defined as the interpretive-comprehensive act by which every text is clarified and whose meaning is not immediately evident and constitutes a problem (Arráez, Calles, & Moreno de Tovar, 2006) accentuated by some distance or difference of a psychological, historical, or linguistic type between the interpreter and the same historical context in which the author developed the work. Thus, the hermeneutician has the purpose of interpreting and revealing the meaning of the messages so that it is plausible to their understanding.

In this way, although the central discussion of the essay is developed at a methodical level, it should not be left unnoticed that the application of hermeneutics as an alternative to understand socio-historical events is also due to the fact that in the epistemological domain the social sciences have been able to assume themselves plural and diverse with the possibility of incorporating methods that make it possible to understand their object of study.

According to the postmodernist Maurizio Ferraris (2000, pp. 23-27), there are seven meanings of hermeneutics that help to clarify its applicability: 1) linguistic expression, 2) translation, 3) the expression of an object, 4)

<sup>3</sup> According to Dilthey, they are history, politics, jurisprudence, theology, literature and art.

<sup>4</sup> In 1894, Windelband proposed classification to name the knowledge developed by those sciences that pursue laws (nomothetics) and those that develop particular and individual descriptions (idiographic).

explaining an obscure meaning, 5) the comprehension of the text, 6) the heuristics or intention, and 7) the relevance of interpretation. As for legal hermeneutics, Martínez Vergara (2009: 116) points out that this falls on applications four and six, since the genetic-teleological methodology seeks to identify what was the spirit of the legislator or author in the explanatory memorandum of the addition, reform or order.

One of the aspects for which we consider that a neo-institutional approach is the ideal one to analyze the case study on the fiscal coordination system in Mexico, has to do with this definitive compatibility with the method of analysis based on hermeneutics. Both neo-institutionalism and hermeneutics give importance to temporal differences that can only be seen from a historical point of view (Powell and Dimaggio, 1999 [1991]; Altamirano & Martínez, 2011).

When investigating the institutional transformation of the fiscal coordination system in Mexico, in three six-year terms of alternation 2006, 2012 and 2018, it is considered that the central hypothesis lies in the fact that *"the reforms to the National System of Fiscal Coordination in the alternation have not favored the full development of the federal fiscal system, possibly pointing to a centralist aspiration in practice."* To carry it out, the diachronic comparison of the three six-year periods indicated is proposed, and for this purpose a neo-institutional approach has been considered to evaluate the changes in the form of the system (Altamirano & Martínez, 2011). The research design is based on the phenomenology of the reforms implemented during the three junctures. We believe that hermeneutics will be the correct method of analysis to shed light on the changes introduced in the reforms of the system.

We will take advantage of this work to analyze the reform of articles 73 and 117 of the 1942 Constitution. The reason is that, according to Jorge Armando Mora's (2008) analysis of the 2008 Fiscal Coordination Law, it is considered that the constitutional framework established in 1942 is the one that allowed the first Fiscal Coordination Law of 1953 to be implemented, as well as the subsequent reforms (Mora, 2008, p. XXV). It is worth starting by understanding why these reforms have a definitive impact on the subsequent configuration of the National System of Fiscal Coordination.

### 3- The importance of the constitutional reforms of 1942 as the basis of fiscal coordination

First, it is important to consider the context prior to the publication of the Decree amending Articles 73 and 117 of the Constitution on October 24, 1942. It is superfluous in this essay to describe the causes of the Mexican Revolution that led to the concretization of the Constitution of 1917. What is relevant is to mention that the Constitution of 1917 left the door open for there to be tax concurrence in the taxes that could be collected by the Federation and the States, according to Article 31, the limitations being included in Articles 117, 118 and 131 (cfr, Cruz, 2012: 53). In other words, the Federation and the States could sometimes tax the same sources of income (Altamirano, 2008).

Hermeneutics allows us to understand that the Fiscal Convention of 1925 was a response of the Mexican government, recently in the hands of Plutarco Elías Calles, to the economic and political needs of the country at that time. One of the most important actions to try to stabilize the economy was the creation of the Bank of Mexico on the first day of 1925. The First Convention took place in a complex political, economic and social context.<sup>5</sup> At that time, Mexico was going through the first change of president in relative peace, after a prolonged period of armed conflicts resulting from the Mexican Revolution. There was low tax collection, public services were precarious and the infrastructure was severely damaged after the revolutionary conflict.

The first of the themes of the 1925 Convention was double taxation. Jorge Armando Cruz (2012, p. 55) describes that the tax system was really disorganized, and Aboites (2003) does not hesitate to describe the situation as a fiscal anarchy. A consultative body was created so that there would be a follow-up of the agreements generated, but it is worth agreeing with the question asked by Pérez Rojas (2003, p. 36), when referring to the fact that when a policy is going to be modified, the political subject must always ask himself: "What kind of results are sought? This question leads to a reflection on the process of shaping the government agenda." In this sense, the intention that the Federation would be the only one that would collect taxes derived from foreign trade and industry is beginning to be clear, since the States would only be participants in those funds.

This resulted in the creation of a constitutional reform project that was not carried out. But, without a doubt, it was one of the motivations for a Second National Fiscal Convention to be convened in 1933.

In 1928 Obregón was assassinated and the economy continued to suffer from instability, it is worth remembering that in 1929 the great crisis occurred in the United States, which put Mexico in a scenario of acute financial crisis. At that time, Abelardo Rodríguez, interim president, was president, who is associated as a figure imposed by Calles. Once again, the central issue that incites this Second Convention will be the competition of

<sup>5</sup> The first Convention of 1925 sought to establish agreements between the federal government and the state governments on fiscal matters, to improve coordination in the collection and distribution of fiscal resources. Following the work of Martínez (2005), it cannot be considered that the political climate was enviably stable at that time; but much less so was the economy, which was already beginning to suffer instability derived from the fluctuations of the international market and the first warnings of the dependence that began to take shape on oil.

taxes. It is interesting to examine the speech of President Abelardo Rodríguez to convene the Second Convention, due to the connotation he gives about the "*reprehensible*" results of the deformities of the system: *"... It will be sought that the Convention should be concerned with studying direct and indirect, general and special taxes levied on commerce and industry, since this is the field in which the concurrence of jurisdictions of the Federation and of the States is most frequent and produces the most reprehensible results (alcabalas, disproportionate taxes, multiple taxes, etc.). etc."* (Diario de debates, 1932).

In this second convention, a Permanent Commission was appointed to follow up on the agreements. The substantive changes were as follows: 1) The constitutional reform of 1934 to article 73, section X, which gives the Congress of the Union the power to legislate on electricity and to set the yield of taxes on natural resources. 2) The revision of the tax system: The creation of a sales tax (it came into force in 1937), the revision of income and wealth taxes, and the reduction of tax exemptions were proposed. 3) It was clarified that the States could tax real estate, and taxes on commerce and industry were no longer considered to be exclusive to the Federation. 4) The States would obtain part of the proceeds from the Federation in the areas of electric energy, tobacco, petroleum derivatives, matches and matches, mead and forestry.

According to Mora (2008, pp. XXIV and XXV), the 1934 reform represents one of the first bases for the subsequent creation of the National System of Fiscal Coordination, due to the consideration of the shares with respect to federal taxes in specific matters, which would be distributed among the States (Altamirano, 2008).

In 1934 Lázaro Cárdenas took office, with him the political conjuncture known as the "*maximato*" ended; such was his aversion to Calles that he exiled him in 1936, literally taking him out of his bed and putting him on a plane to California. It should be said that several of the conclusions reached during the Second Convention were interrupted by the very focus of Cárdenas' policy, especially on education and on oil; in addition to the outbreak of World War II, in the last year of his six-year term. Cárdenas governed in the midst of chaos. However, it is interesting to note that he did try to promote the reforms that crystallized until the six-year term of Manuel Ávila Camacho. What Cárdenas declares is key to understanding the future of the subsequent fiscal coordination system:

*"(...) there is a wide concurrence of the Federation and the States to impose taxes, which frequently causes the coexistence of taxes on the same source of taxation (...) the tax laws of the Federation and the States are based on different principles and are issued for different purposes; and, what is even more serious, from State to State the tax legislation varies, unfortunately provoking real economic wars (...) structures of the development of the Nation"* (Lázaro Cárdenas en Cruz, 2004, pp. 81 and 82).

For de la Garza, it is one of the first public statements that demonstrate a complaint about the adoption of dual federalism in the United States (2000).

*"(...) because if in the United States of America the existence of fully autonomous entities was a reality (...) in our country, on the contrary, in the days following the disappearance of the Iturbide Empire, the problem that had to be posed and that has been the origin of many tragedies in Mexican history, was that of injecting vitality into state decentralizations (...)"* (Cárdenas in Cruz, 2004, p. 82).

Cárdenas goes on to mention that it was never considered how difficult it would be to expect states to be fully sovereign after three centuries of colonial centralism. Alluding to the fact that the ruling, according to him, was in the federal adoption itself with a decentralized tax system since the Constitution of 1824. The solution that Cárdenas saw was to clearly delimit what taxes would be collected by the Federation and that it would return resources for the State's own application.

It must be said, Cárdenas' first project was quite ambitious because it sought to make the Federation collect taxes such as: a) Import and export taxes, b) taxes on physical and corporate income, c) taxes on national natural resources, d) taxes on credit and insurance companies, e) special taxes on energy, transport, sewing, etc. sugar, matches and matches, tobacco, alcohol, games and lotteries, and logging, f) taxes on federal public services. For the collection of the States it contemplated: a) property tax, b) general tax on industry, commerce and patents. However, the project was not approved.

Therefore, in 1940 Cárdenas created a new version with fewer changes and sent it to Congress. That proposal would be the one that they would end up approving in 1942 and taking office on January 1, 1943. The proposal will reform articles 73 and 117. The reform appeared as a Decree of the Executive Branch published in the Official Gazette of the Federation on October 24, 1942, after the approval of the majority of the state legislatures. Article 73 sections IX, X, XXIX and XXX were amended, and sections VIII and IX of Article 117 were reformed.

According to Table 1 "Validity of the 1942 Reform in matters of fiscal coordination" it can be seen that although there are changes in the contents of Articles 73 and 117, a large part of the intervened fractions continue to be without substantial alterations until 2023. The most relevant thing that can be seen from the 1942 reforms is that sections X and XXIX of Article 73 fragment the legislative power of Congress "*by naming its distribution among the aforementioned spheres of government*" (Mora, 2008, p. XXV). With this, Congress obtained the power to create taxes in certain areas.

**Table 1: Validity of the 1942 Reform in the area of fiscal coordination**

Article and fraction	1942	2023	Feedback
73.	Congress has the power:	Congress has the power:	No changes
IX	To prevent restrictions from being established in trade between states.	To prevent restrictions from being established in trade between states.	No changes
X	To legislate throughout the Republic on mining, the film industry, commerce, credit institutions and electric energy; to establish the Single Issue Bank, under the terms of Article 28 of this Constitution, and to issue the labor laws, regulating Article 123 of the Constitution itself. The application of labor laws corresponds to the authorities of the States, in their respective jurisdictions, except in matters relating to the textile industry, electricity, railroads and other transport companies covered by federal concession, mining and hydrocarbons, work carried out at sea and in maritime areas, and, finally, the obligations that correspond to employers in educational matters, in the form and terms established by the regulatory provisions.	To legislate throughout the Republic on hydrocarbons, mining, chemical substances, explosives, pyrotechnics, the film industry, commerce, gambling and raffles, intermediation and financial services, electricity and nuclear energy and to issue the labor laws regulating article 123;	Amended section DOF 29-12-1947, 06-02-1975, 17-11-1982, 20-08-1993, 20-07-2007
XXIX	To set contributions: 1st. On foreign trade; 2nd. On the use and exploitation of the natural resources included in paragraphs 4 and 5 of Article 27; 3rd. On credit institutions and insurance companies; 4th. On public services concessioned or operated directly by the Federation; and 5th. Specials on: (a) Electricity; (b) Production and consumption of manufactured tobacco; (c) Gasoline and other petroleum products; d) Matches and matches;	To set contributions: 1st. On foreign trade; 2nd. On the use and exploitation of the natural resources included in paragraphs 4 and 5 of Article 27; 3rd. On credit institutions and insurance companies; 4th. On public services concessioned or operated directly by the Federation; and 5th. Specials on: (a) Electricity; (b) Production and consumption of manufactured tobacco; (c) Gasoline and other petroleum products; d) Matches and matches;	Subsection g) on the consumption of beer, added DOF 10-02-1949

	(e) Mead and products of its fermentation; and f) Forestry. The states shall participate in the performance of these special contributions, in the proportion determined by the federal secondary law. The local legislatures shall fix the percentage corresponding to the Municipalities in their income from the tax on electricity. Fraction traveled	(e) Mead and products of its fermentation; and f) Forestry. g) Production and consumption of beer. The states shall participate in the performance of these special contributions, in the proportion determined by the federal secondary law. The local legislatures shall fix the percentage corresponding to the Municipalities in their income from the tax on electricity. Fraction traveled	
XXX	To enact all the laws that may be necessary, in order to give effect to the foregoing powers, and all others granted by this Constitution to the Powers of the Union.	To issue the single legislation on civil and family procedural matters, as well as on forfeiture of property under the terms of Article 22 of this Constitution, and	Added section DOF 15-09-2017. Amended DOF 14-03-2019
XXXI		To enact all the laws that may be necessary, in order to give effect to the foregoing powers, and all others granted by this Constitution to the Powers of the Union.	Route DOF 15-09-2017 Reform DOF 20-08-1928: Eliminated from the article the then sections XXV and XXVI
117	States may not, under any circumstances:	States may not, under any circumstances:	No changes
VIII	To issue public debt securities, payable in foreign currency or outside the national territory; to contract directly or indirectly loans with the governments of other nations, or to contract obligations in favor of foreign companies or individuals, when bearer or transferable securities or bonds are to be issued by endorsement.	To directly or indirectly contract obligations or loans with governments of other nations, with foreign companies or individuals, or when they must be paid in foreign currency or outside the national territory. States and municipalities may not contract obligations or loans except when they are used for productive public investments and their refinancing or restructuring, which must be carried out under the best market conditions, including those contracted by decentralized organizations, public enterprises and trusts and, in the case of states, additionally to grant guarantees with respect to the indebtedness of the municipalities. The foregoing, in accordance with the bases established by the legislatures in the	Paragraphs 1 and 2 amended DOF 26-05-2015 Raffle 3 added DOF 26-05-2015 Paragraph 4 added DOF 26-05-2015 Amended section 30-12-1946, 21-04-1981

		<p>corresponding law, within the framework of the provisions of this Constitution, and for the concepts and even for the amounts that they approve. The executives will report on their exercise when rendering the public account. In no case may they allocate loans to cover current expenses.</p> <p>The local legislatures, by the vote of two-thirds of their members present, shall authorize the maximum amounts for contracting such loans and obligations under the best market conditions, after analyzing their destination, payment capacity and, where appropriate, the granting of a guarantee or the establishment of the source of payment.</p> <p>Notwithstanding the foregoing, the States and Municipalities may contract obligations to cover their short-term needs, without exceeding the maximum limits and conditions established by the general law issued by the Congress of the Union. Short-term obligations must be settled no later than three months before the end of the corresponding government period and no new obligations may be contracted during those last three months.</p>	
IX	<p>To tax the production, collection or sale of raw tobacco, in a different manner or with quotas greater than those authorized by the Congress of the Union.</p> <p>The Congress of the Union and the Legislatures of the States will, of course, enact laws aimed at combating alcoholism.</p>	<p>To tax the production, collection or sale of raw tobacco, in a different manner or with quotas greater than those authorized by the Congress of the Union.</p> <p>The Congress of the Union and the legislatures of the states will, of course, enact laws aimed at combating alcoholism.</p>	No changes
Source: Own elaboration, comparison of articles 73 and 117 of 1942 and 2023			



In section XXIX of Article 73, it was established that the States would obtain income from the shares of these special contributions (Castañeda, 2009, p. 3). This is key, since it consolidates the system of participations that the Federation is going to concentrate and that will redistribute to the States depending on what is collected from the federal taxes that are drafted there at the beginning of the fraction. It should be said that this fraction is one of those that is practically still intact, since only subsection g) was added, which deals with the production and consumption of beer. In other words, Mora's thesis (2008, p. XXV) that points to this 1942 reform as the foundation of the constitutional framework of what will eventually be the National System of Fiscal Coordination, can be taken as valid.

This reform gave way to an update to the Finance Law, which established the figure of the "National Fund for Economic Development" and created various taxes. Mechanisms for fiscal coordination were also established between the Federation and the States, although this coordination was formalized much later with the creation of the Fiscal Coordination Law of 1953 and mainly that of 1978.

Another observation made by Cruz (2004, p. 88) is that the Constitution originally gives an unrestricted fiscal power to the Federation, since in Article 73 section VII it gives the power to Congress to be able to establish contributions to cover the federal budget. So, with the reform of article 73 section X of 1942, it is clear that taxes are established only by means of laws, and since only the federation can legislate on those matters (those listed in section XXIX of the same article), then the States *cannot* tax in this regard or they would be violating the Constitution itself. Thus, the 1942 reform generated more exclusive taxing powers. Or in other words, it is observed how the Federation *"was taking over tax matters"* (Cruz, 2004, p. 89).

Obviously, the 1942 reform as a result of the Second Convention would not be sufficient to achieve fiscal coordination that would satisfy the States and their municipalities. The call for a Third Convention set the following objectives: 1) to specify the National Tax Plan to improve the distribution of public spending among taxpayers. 2) Seek a balance between the distribution and the cost of public services, based on the control of the causes. 3) Determine how collaboration between the tax authorities would take place and formulas to reduce the costs of tax collection and control to a minimum. The third Convention would be held in 1947.

## Conclusions

*First. Hermeneutics turns out to be an adequate method of analysis for the case study on the transformation of the National System of Fiscal Coordination.* The use of hermeneutics as a method of the social sciences invites us to analyze how, from the epistemological domain, plurality and diversity have had to be accepted as *sine qua non* conditions of this type of science. And from the understanding of social reality, we must bet on methods that allow the totalizing capture of human experience, through the prevailing meanings in a given socio-historical moment.

Therefore, understanding the world, according to Schaff (1967) is also historical consciousness, which supposes that any knowledge is mediated by a series of prejudices, expectations and presuppositions received by the tradition that guides and delimits interpretation. In this sense, it is worth remembering the compatibility of hermeneutics with the neo-institutional approach, which considers that institutions undergo changes due to patterns of dependency and historical accidents.

*Second. The pattern of centralist dependence on the Mexican state shines through with Cárdenas.* Phenomenologically<sup>6</sup>, it can be seen how, after the Second National Fiscal Convention, President Lázaro Cárdenas publicly declared—with some disappointment—that the Mexican federal model could not assume a decentralization like the U.S. one. In fact, he admits that decentralized entities were hardly going to be able to act autonomously as happened in the United States, since Mexico came from three centuries of centralism. This statement by Cárdenas is crucial to understand why the 1942 Reform, although it limits and clarifies the taxes that the Federation is responsible for collecting, *de facto* took over tax matters according to Cruz (2004).

*Third. The materialization of the 1942 reform does not imply a federalist advance, but simply an advance in fiscal coordination.* This is an important finding because neo-institutional theory warns of the creation of patterns of dependency associated with how a system was configured in the beginning (David, 1985). That is to say, the reform of Articles 73 and 117, although it means the clarification of the taxes that the Federation can collect, as well as the formalization of the model of participations (which we would call here *the membership for the distribution*) was in reality an easy way not to continue with a decentralizing model, but rather to bring together public spending, as was the case with the Hispanic central governments.

In fact, if we review *The Federalist* (Hamilton, et al, 2015 [1787]), a key work to understand federalism in the United States, we will find that decentralization is valued because it allowed the existence of competition between different local governments, which encourages rulers to act for the benefit of their citizens and to avoid the concentration of power (Essay 46). In addition, decentralization has every intention of maintaining an appropriate balance between local and national interests. This is mentioned in Essay 62, where it is further

<sup>6</sup> As will be observed, Cárdenas cannot hide his displeasure at seeing that neither the First nor the Second Convention had been able to avoid tax competition. According to Hernández-Sampieri and Mendoza, a phenomenological design rescues the perspectives and experiences of the subjects or participants; it can even be emotions, feelings, reasoning, visions and perceptions (2018, p. 548).



argued that decentralization can help prevent the tyranny of the majority and protect the rights of minorities. In such a way, we cannot admit that the route taken by the coordination system since the 1942 reform has been a step towards the realization of Mexican federalism.

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